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Message Text

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70
ACTION EB-11

INFO OCT-01 ARA-16 EUR-25 ISO-00 COME-00 AGR-20 STR-08

AF-10 TRSE-00 L-03 CIAE-00 INR-10 NSAE-00 RSC-01 IO-14

PA-04 PRS-01 USIA-15 NSC-10 OMB-01 H-03 DRC-01 /154 W
---------- 003115
R 172230Z OCT 73
FM AMEMBASSY SAN SALVADOR
TO SECSTATE WASHDC 3937
INFO AMEMBASSY GUATEMALA
AMEMBASSY MANAGUA
AMEMBASSY SAN JOSE
AMEMBASSY TEGUCIGALPA
AMEMBASSY MEXICO
AMEMBASSY BRASILIA
AMCONSUL RIO DE JANEIRO
AMCONSUL SAO PAULO
AMEMBASSY LONDON
AMEMBASSY BOGOTA

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E.O. 11652 - N/A
TAGS: EAGR, ETRD, ES
SUBJECT: COFFEE - SUSPENSION OF SALES TO US

REF: A. SAN SALVADOR 3722 (NOTAL); B. STATE 204149

1. REFTEL A PROVIDED THE INFORMATION REQUESTED BY THE DEPARTMENT. FEDERICO SAMAYOA, PRESIDENT OF THE SALVADORAN COFFEE COMPANY (CSC), CONFIRMED TO THE ECONOMIC OFFICER OCT 17 THAT THE CSC IS MAINTAINING ITS EMBARGO AGAINST FURTHER SALES TO THE US AS REPORTED IN REFTEL A. SAMAYOA CONFIRMED THAT THE US MARKET WAS SINGLED OUT BECAUSE OF WHAT PARTICIPATING PRODUCERS CONSIDER TO BE ITS EXCESSIVE STOCKPILING, EXPECIALLY OF THE "MILDS." THE REAL EFFECT IS ADMITTEDLY SLIGHT SINCE, ACCORDING TO SAMAYOA, THERE IS LITTLE DEMAND FROM THE US, WHICH HAS BOUGHT A RECORD
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1 MILLION-PLUS BAGS IN THE COFFEE YEAR ENDING SEPT 30. THE

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CSC REPORTS A CARRY-IN STOCK OCT 1 OF BETWEEN 500,000 AND
600,000 BAGS OF 60 KILOS, HENCE WERE THERE DEMAND AT ATTRACTIVE
PRICES THERE COULD BE SALVADORAN SALES. SAMAYOA CONFIRMED, AS
PER REFTEL A, NO, REPEAT NO, NOMINAL OR REAL MINIMUM EXPORT
PRICE. CONCERNING SALES ELSEWHERE, E.G. EUROPE, SAMAYOA
ACKNOWLEDGED THAT INVENTORIES THERE WERE ALSO ABOVE NORMAL BUT
SPECULATION HAS NOT BEEN AS GREAT AS IN THE US AND SALES TO
EUROPE HAVE BEEN LESS THAN NORMAL IN THE LAST YEAR. ONLY IN THE
SENSE THAT EL SALVADOR APPEARS A PARTICIPANT IN THE PRODUCERS
GROUP'S 10 PERCENT OF SALES RESTRAINT PROGRAM FOR CY 1973/74
IS IT TARGETING ON THE ENTIRE WORLD MARKET.

2. COMMENT: GIVEN THE PROUD ANNOUNCEMENT OF THE POLICY OF A
SALES EMBARGO AGAINST THE US BY CSC MANAGER DR FALLA CACERES
WE FOUND IT RATHER AMUSING, ALTHOUGH NOT SURPRISING (GIVEN EL
SALVADOR'S PRACTIVE OF PLAYING OFF PRODUCER AND CONSUMER (INTERESTS),
THAT SAMAYOA TRIED TO EVADE A DIRECT ACKNOWLEDGEMENT OF THE
CONTINUED EMBARGO POLICY. HE TOOK PAINS TO REITERATE HIS WILLING-
NESS TO PROVIDE INFORMATION, ETC. AND MAINTAIN A CLOSE RELATIONSHIP
WITH THE ECONOMIC OFFICER. BEYOND THE STATED REASONS FOR THA
EMBARGO POLICY IT IS REASONABLE TO INTERPRET THE SALVADORAN ACTION
AS PLACATING SOME PRODUCER COUNTRIES (E.G. COLOMBIA AND BRAZIL)
WHICH PROBABLY MARKED EL SALVADOR DOWN A BIT FOR RELATIVELY LARGE
ILLEGAL SHIPMENTS IN THE LAST YEAR OR SO.
MOSKOWITZ

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